



# UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/726,793	12/01/2000	Joseph Lerner	28961.011300	5692

826 7590 12/16/2004

ALSTON & BIRD LLP  
BANK OF AMERICA PLAZA  
101 SOUTH TRYON STREET, SUITE 4000  
CHARLOTTE, NC 28280-4000

EXAMINER
----------

FULTS, RICHARD C

ART UNIT	PAPER NUMBER
----------	--------------

3628

DATE MAILED: 12/16/2004

Please find below and/or attached an Office communication concerning this application or proceeding.

# Office Action Summary

Application No.

09/726,793

Applicant(s)

LERNER ET AL.

Examiner

Richard Fults

Art Unit

3628

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

## Status

- 1) ☒ Responsive to communication(s) filed on 19 August 2004.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

## Disposition of Claims

- 4) ☒ Claim(s) 1-13 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-13 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

## Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

## Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

## Attachment(s)

- 1) ☐ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date \_\_\_\_\_
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: \_\_\_\_\_

## **DETAILED ACTION**

### **Claim Rejections - 35 USC § 102**

The following is a quotation of the first paragraph of 35 U.S.C. 112:

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same and shall set forth the best mode contemplated by the inventor of carrying out his invention.

1. Claims 1-13 are rejected under 35 U.S.C. 112, first paragraph, as failing to comply with the enablement requirement. The claim(s) contains subject matter which was not described in the specification in such a way as to enable one skilled in the art to which it pertains, or with which it is most nearly connected, to make and/or use the invention.

As the specific shares owned by the individual investor are only those selected by him/her and there is no co-mingling of assets, there is no provision in the specifications as to how any one investor is able to purchase a fractional share for his own portion of the account since there would have to be a seller for that fractional interest and shares are only sold in the market in whole shares, unless there was an orchestrated joint purchase/sale by the fund manager as to both amount and time involving other investors within the "fund" who were seeking exactly the same complimentary fractional security at exactly the same time, or an investment by the fund manager in any extra fractional share required to be made in order to accommodate any one investor. Neither of these instances are described by the specification. Even if there were a way to enable the described fractional ownership of a single share, the concept of accounting for it is old and well known.

Art Unit: 3628

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

2. Claims 1-13 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. As the specific shares owned by the individual investor are only those selected by him/her and there is no co-mingling of assets, there is no provision in either the claims or the specifications as to how any one investor is able to purchase a fractional share for his own portion of the account since there would have to be a seller for that fractional interest and shares are only sold in the market in whole shares, unless there was an orchestrated joint purchase/sale by the fund manager as to both amount and time involving other investors within the "fund" who were seeking **exactly** the same complimentary fractional security at **exactly** the same time (a most improbable event), or an investment by the fund manager in any extra fractional share required to be made in order to accommodate any one investor. Neither of these instances are described either by the claims or the specification. Even if there were a way to enable the described fractional ownership of a single share, the concept of accounting for it is old and well known.

### ***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

3. Claims 1-13 are rejected under 35 U.S.C. 101 because the invention lacks utility. The specification states that the rationale for this invention is to allow investors of extremely limited means (who cannot even afford a single whole share of stock that may sell for \$50-\$100 or so) to purchase a fractional share of one stock, as opposed to buying either one a whole share or a few dollars worth of a mutual fund. As a teenager

Art Unit: 3628

this examiner was told by a brokerage company, when trying to buy one share of a \$35 stock, that 1) I was financially unsuitable for making investments with such a low amount of capital, and 2) the purchase commission alone would be \$35 (minimum transaction commission) which would require a tripling of the stock to break even. For the past several years discount brokers have only charged \$10-\$20 or so for a purchase of 100 shares of a stock, so modern day alternatives are now available to small investors. However the application is silent on the subject of fees to be charged for these fractional transactions, so there is considerable question as to how cost effective or economically feasible these transactions would be, even if they were enabled.

### ***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

3. Claims 1-13 are rejected under 35 U.S.C. 103(a) as being unpatentable over Wallman (US 6,338,047).

Wallman discloses (see at least columns 1-24, and in particular columns 1-10, and figures 1-4):

An electronic system for creating personalized securities funds comprising:

a user interface for receiving selections of securities to be included in a fund (investors 1-10; 110; figs.1-2b);

a securities holding account (140; 180);

a securities engine which calculates and tracks whole and fractional securities shares selected and owned by an individual investor (claims 1, 4, and 9);

Art Unit: 3628

an accounting engine which calculates account balances (col. 10, line 46-col. 11, line 14); and

a reporting engine which generates system-wide and individual investor reports (col. 11, line 14-col.12, line 15).

Wallman further discloses:

A method for managing personalized securities funds comprising:

electronically receiving a user's selection of a number of shares or a dollar amount of a given security to be purchased, sold, or transferred (investors 1-10; 110; figs.1-2b);

electronically consolidating and executing buy and sell orders (110, 120; fig. 1);

electronically calculating whole and fractional shares owned along with fees, dividends, and proceeds of sale (130);

reporting results of said calculations to said user (130); and

wherein said consolidating and executing occurs in real time (col.6, lines 23-61).

4. As the specific shares owned by the individual investor are only those selected by him/her and there is no co-mingling of assets, there is no provision in either the claims or the specifications as to how any one investor is able to purchase a fractional share for his own portion of the account since there would have to be a seller for that fractional interest and shares are only sold in the market in whole shares, unless there was an orchestrated joint purchase/sale by the fund manager as to both amount and time involving other investors within the "fund" who were seeking **exactly** the same complimentary fractional security at **exactly** the same time (a most improbable event), or an investment by the fund manager in any extra fractional share required to be made in order to accommodate any one investor. Neither of these instances are described either by the claims or the specification. Even if there were a way to enable the described fractional ownership of a single share, the concept of accounting for it is old and well known.

The specification states that the rationale for this invention is to allow investors of extremely limited means (who cannot even afford a single whole share of stock that

Art Unit: 3628

may sell for \$50-\$100 or so) to purchase a fractional share of one stock, as opposed to buying either one a whole share or a few dollars worth of a mutual fund. As a teenager this examiner was told by a brokerage company, when trying to buy one share of a \$35 stock, that 1) I was financially unsuitable for making investments with such a low amount of capital, and 2) the purchase commission alone would be \$35 (minimum transaction commission) which would require a tripling of the stock to break even. For the past several years discount brokers have only charged \$10-\$20 or so for a purchase of 100 shares of a stock, so modern day alternatives are now available to small investors. However the application is silent on the subject of fees to be charged for these fractional transactions, so there is considerable question as to how cost effective or economically feasible these transactions would be, even if they were enabled – which they are not.

The concept of a “fund” consisting of private portfolios is a contradiction in terms, as there is no co-mingled fund of money and assets for the sake of diversification, but rather is simply several privately portfolios held as a collection exactly the same way brokerage firms have been doing it for decades for their many clients.

If there were a stated methodology in this application for the effective real-life enabled method of making available fractional shares for trading on a real time basis, as is true in the general markets, at a proportionately modest economic fee (low % of cost), then there may be a novel feature to this application. However, the computerized accounting and reporting for fractional shares (caused by stock splits) is old and well known, as is the accounting for the collection of private portfolios. Because these facts described above are old and well known it would have been obvious to one skilled in the art to have been aware of them and to have accounted for the collections of private portfolios and transactions of fractional shares prior to the filing of this application, and reported the results as needed.

## **5. Response to Applicant's Arguments**

Wallman and obviousness teach claims 1-13, and the new 112 and 101 rejections address all other issues raised by the applicant.

6. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

7. Note is taken by the examiner that should the applicant find objectionable any statements made herein by the examiner regarding obviousness or Official Notice, Applicant can make a proper challenge to those statements only by providing adequate information or argument so that on its face it creates a reasonable doubt regarding the circumstances justifying those statements: a simple response requesting a reference without doing so, or a response that fails to logically refute the basic assumptions underlying the justification, will result in an improper and failed challenge and those unchallenged statements will remain the record of the case. Applicants must seasonably challenge those statements in the first response following an Office Action. If an applicant fails to do so, his right to challenge them is waived.

8. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Richard Fults whose telephone number is 703-305-5416. The examiner can normally be reached on weekdays from 8:30 to 5:00.



Art Unit: 3628

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung Sough, can be reached on (703)-305-0505. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 703-308-1113.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

  
RCF

112/1/2004

  
FRANTZY POINVIL  
PRIMARY EXAMINER  
Au 3628